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Congressional Record S. 4763 - Beef Prices

Mike Mansfield 1903-2001

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The Senate met at 9 a.m. and was called to order by the Acting President pro tempore (Mr. Metcalf).

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

Make us ready, O Lord, for the welcome of Him who is King of Kings and Lord of Lords. May we receive the royal presence with open hearts, with palm branches of devotion and garlands of love. May we work as in the regal presence of the Creator and Ruler of all realms. Keep ever before us the kingdom of justice and peace on earth and the kingdom who rules in might and splendor above all worlds.

For Thine is the kingdom and the power and the glory. Amen.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Thursday, March 23, 1972, be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that all committees may be authorized to meet during the session of the Senate today.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

BEEF PRICES

Mr. MANSFIELD. Mr. President, there has been a good deal of talk, statements in the press, advertisements and what not, urging people not to buy beef because the price is too high.

I think the record should be made clear that, so far as the price of beef on the hoof is concerned, the price now, which averages somewhere around 35 or 36 cents is not out of line and certainly is not responsible for the prices which the consumers have to pay today.

The cost of manufacture, processing, and distribution—not the meat as such as it is sold over the counter—has made the difference in meat prices today as compared to 20 years ago.

In comparison with take-home pay, the price of meat has become consistently smaller as average family income has moved upward. In terms of dollars and cents, the average retail price of meat has advanced about 35 percent in the past 20 years, while personal disposable income of U.S. consumers has increased, on the average, by more than 100 percent in the same period.

Those who are complaining about the price of beef should compare the price of beef today with what it was, on the hoof, 20 years ago, and they will find that the price per hundredweight is actually lower today. What they should do is compare retail prices of beef cuts today with those for the same cuts 20 years ago, and they will find that they range from 40 to 70 percent higher to the consumer.

I wonder why they do not tell the consuming public who is getting the 40- to 70-percent markup, and why it is not explained graphically just how the housewife’s dollar spent for beef is being distributed, and to whom?

I wonder why they do not attempt to deal factually and intelligently with the price of meat, and its effect on the packer, the processor, and by the retailer.

Twenty years ago, beef prices paid to the producer—that is, beef on the hoof—by the packers was 140 percent of parity. Today it is 88 percent of parity, or less.

Last week, Omaha prices for Prime live steers was $35.75 a hundred pounds, down $1 a hundred for the week, and down to $2.40 a hundred from the 20-year high in January.

Mr. President, I am in receipt of a number of letters from my State which, of course, is interested in the production of cattle, and I would like to read a portion of one letter from an old friend, Henry L. Esp, a rancher who lives in Hardin, Mont.

He writes:

In the last 20 years personal income has increased 254 percent while livestock prices have increased 4 percent. Twenty years ago the housewife spent 23 percent of her income for food, today it is 16 percent, with a smaller percentage being spent for beef than at any time in the past.

Mr. President, what this administration is now doing—and I think doing wrongly—is increasing frozen beef, veal, and other meat imports by approximately 6 percent.

May I point out as an illustration that the farmer has, all too often, been the pigeon for the press in trying to place the blame for an increase in food prices at the wrong source.

Over the past quarter of a century, generally speaking, wheat has sold around $2 a bushel, all things considered. But during that period, bread has increased in price from 13 cents and 14 cents a loaf to around 40 cents, 41 cents, or 42 cents a loaf.

Is the wheat producer making money at that rate? Is he making money when his costs have increased four times?

The same reasoning applies to the beef producer, who is trying to get by on his own as much as he can, whose price has remained fairly stable—sometimes very low during that period.
Now that he is able to make a dollar or two, he gets the blame. Advertisement are taken out against the cattle man, supposedly on behalf of consumers, but nothing is said about the processing, the slicing, the packaging, and all the other factors which should be taken into consideration once the cattle have left the ranch and have been sent to market.

(At this point Mr. Byrd of West Virginia assumed the chair as President Officer.)

Mr. MANSFIELD. So I hope that the record will be made straight and that the truth, insofar as the wheat rancher and the beef producer are concerned, will be understood by the American people, and the blame will be placed, not on them where it does not belong, but on all the steps which take place once the wheat and the beef leave the ranch and the farm and go through the many procedures before it reaches the Safeway, the Giant, the A. & P. stores, and finally, neatly wrapped up, maybe packaged and cellophaned is sold at an extraordinarily high price to the consumer.

I yield now to my colleague from Montana.

Mr. METCALF. My distinguished majority leader, has performed a distinct service this morning in clarifying just what is the increase in the price of food comes from.

I have just returned from Montana where I have been talking to the wheat farmers and to the beef growers.

In my State we find universally that even though they have larger and larger capital investments than they have had at any time in their lives, even though they are operating on more and more land than anytime before, their net income and their purchasing power is declining year after year. This year Montana had one of the most severe winters in its history, and the livestock operators suffered badly. Yet the price of beef, as far as the general purchasing power is concerned, came down.

The Secretary of Agriculture has authorized increased quotas, as the majority leader has already mentioned, for beef and goats and lamb. Certainly after this past winter we do not need any more chilled beef in Montana.

The wheat farmer today is getting less real return per bushel of wheat than he got in the depth of the depression: $1.20 and $1.30 a bushel on wheat is less real return in terms of today's inflated prices than $0.30 wheat back in the depression when we thought $1 wheat would be a good purchasing power.

It should be $4 wheat if the farmer has to buy machinery at today's prices, if he has to buy clothes at today's price, if he has to buy automobiles at today's prices, and if he has to buy tires and gasoline at today's prices. All of these things are inflated four or five times from the time of the depression.

The livestock operator is in exactly the same situation, and he is the real person who is being charged for this growing and spiraling increase in the price of meat that comes from the farmers of the Midwest, the Far West, and from our State of Montana.

It is the processor who, time after time, adds on a little bit more cost and adds a lot of profit on top of any cost. At 40 or 45 cents for a loaf of bread on $1.20 a bushel for wheat, it is outrageous as far as the return of the farmer is concerned.

The other day when the distinguished majority leader and I had legislation before the Committee on Agriculture and Forestry seeking to increase the price of feed grains 25 percent, some of the leaders of labor organizations and other organizations recognized that an increase in the price of wheat to the farmer would be infinitesimal as far as the consumer's cost is concerned. Others have supported our legislation for an increase in the price of feed grains and in the price of wheat.

Something has to be done to raise the net income of the farmers of America or the small towns where churches, schools, and post offices dot the landscape in such towns in the Middle West and Far West will be gone, and we will have left nothing but huge livestock operations and huge wheat farmers without anyone to go to the bank.

The local people there are concerned with the real vital growth of the people of America.

Mr. MANSFIELD. Mr. President, I thank my distinguished colleague and point out that in my reference to $2 wheat, I was bringing in the certificate plan which would still represent, I think, an approximate $8 average over the last quarter of a century and would hold up pretty well.

The Senator is right. We have small towns disappearing. The small towns have been the background of this country from the beginning. We have small towns disappearing. The price and the resulting increases in cost to maintain a farm is much greater.

We have a shifting away from the family-sized farm to the commercial-sized farm as far as beef and wheat is concerned.

I think it bodes ill for the country to allow such procedures to be continued.

I emphasize again, along with my distinguished colleague from Montana, that the farmer, whether he produces wheat or beef, is not to blame for the high prices the consumers pay today.

I do hope that that truth, because that is what it is, would sink home.